

XIAMEN

Retail Q3 2020

1.8%
Disposable Income



11.2%
Population



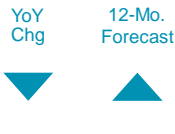
-4.8%
Consumption Expenditure



Source: Statistics Bureau of Xiamen Municipality
(Figures are growth rates as of 2020 Q2.)
Oxford Economics, Cushman & Wakefield Research

XIAMEN ECONOMIC INDICATORS JAN - JUN 2020

-3.9%
Total Retail
Sales Growth



16.9%
Online Retail Sales
of Goods Growth



4.0%
CPI Growth



Source: Statistics Bureau of Xiamen Municipality
Oxford Economics, Cushman & Wakefield Research

Retail Market Returns to Normal Operations

Citywide stock in the prime retail market remained unchanged with no new supply in Q3. Average monthly rentals dropped slightly, down 0.4% q-o-q to RMB553.3 per sq m, while the vacancy rate climbed further to 10.4%.

Retail upgrades and brand mix adjustments at projects in the SM to Railway Station areas were for the most part concluded. F&B and sports retailing have led activity market. Notable new entrants include Xiamen's first GeLaoGuan Hotpot, Fujian Province's first TASTY Steak, and China's first X-Street by XTEP. Influencer brands also expanded to the OMI submarket.

Indoor entertainment, hardest hit by the impact of the pandemic, finally resumed operations in the quarter. The market saw A KTV, which had been prepared for more than half a year, finally open, if under the strictest of social distancing measures. Brand campaigns, such as Le Rendez-Vous by Rémy Martin, pop-up stores by Burberry and Jimmy Choo, and art/IP shows, like Fantastic Dali Global Tour, also made a return.

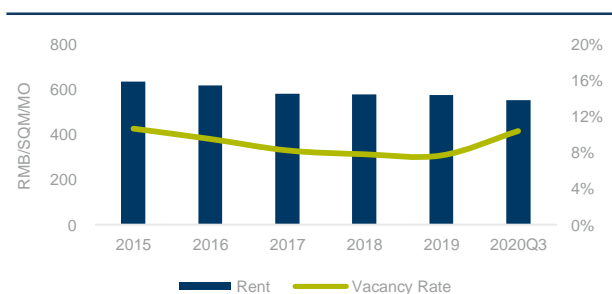
Coming Completions Likely to Exert Pressure on Rents

With the pandemic coming under effective control, daily footfall traffic and consumption have recovered in nearly all sectors. Driven by the growing desire of consumers to spend, and supported by incentive measures, more luxury boutique, fashion store, influencer restaurants, and beauty and cosmetic brands are now expected to expediate openings by the year's end.

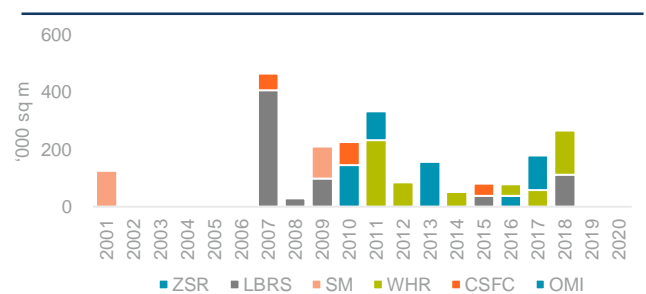
Promotion of the night-time economy has been a boon for mall operators. Regular night markets have drawn shoppers to extend time spent in the retail environment, especially markets with specific theme or those co-hosted with museums or galleries.

All scheduled projects in the pipeline are currently postponed to 2021. But when launched, these projects, especially in the suburban areas, may well exert downward pressure on the citywide average rental level in the short-term.

RENT / VACANCY RATE



RETAIL SUPPLY PIPELINE BY SUBMARKET



MARKET STATISTICS

SUBMARKET	INVENTORY (SQM)	VACANT (SQM)	VACANCY RATE	UNDER CNSTR TILL 2022 (SQM)	OVERALL AVG RENT (RMB/SQMMO)*
Zhongshan Rd. (ZSR)	186,000	18,841	10.1%	342,858	820.00
Lianban-Railway Station (LBRS)	688,000	142,831	20.8%		695.00
SM	236,000	9,687	4.1%	84,500	1,130.00
Wuyuanwan-Hubian Reservoir (WHR)	567,000	34,618	6.1%		433.33
Cross Strait Financial Center (CSFC)	240,000	17,312	7.2%	188,000	332.50
Outside Xiamen's Main Island (OMI)	376,700	15,535	4.1%	570,000	336.70
XIAMEN TOTALS	2,293,700	238,825	10.4%	1,185,358	553.33

* Rental rates are calculated by NLA and considered as consistently achievable for prime space in prime shopping centers, excluding management fee, promotional fee and other fees.

SIGNIFICANT STORE OPENINGS Q3 2020

PROPERTY	SUBMARKET	TENANT	SECTOR
PowerLong OneMall	Wuyuanwan-Hubian Reservoir	Chun K KTV	Entertainment
Paragon Center	Lianban-Railway Station	Sungiven Foods	Supermarket
SM City	Wuyuanwan-Hubian Reservoir	GeLaoGuan Hotpot	F&B

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	EXPECTED OPENING DATE	SQM
Xiamen Center	Outside Xiamen's Main Island	2021	140,000
ioi Mall	Outside Xiamen's Main Island	2021	120,000
Sea World Phase II – Plot 7	Zhongshan Road	2021	63,000
SM Phase III	SM	2021	84,500
Shimao Festival City	Outside Xiamen's Main Island	2021	100,000
Sea World Phase III – Plot 5	Zhongshan Road	2022	116,000

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